Administrative simplification assessment in legislative evaluation

Evaluation of legislation: European and national perspectives

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Summary

1. Administrative simplification – why it matters
2. Legislative evaluation of administrative simplification
3. Current trends and challenges
Administrative simplification – why it matters
• “Too much red tape!”

• Filling out forms
• Need for permits and licenses
• Gather and provide information
Administrative requirements impose two types of costs:

• Substantive costs, i.e., costs induced by obligations for businesses to change their products and/or production processes / citizens to act in a specific way.

• Administrative costs, i.e., costs incurred by businesses / citizens in meeting obligations to provide information on their activities or production, either to public authorities or to private parties.
Administrative costs can be:

- **Direct administrative compliance costs**: e.g. time and money spent on formalities and paperwork
- **Indirect or dynamic costs**: when (administrative) regulations reduce the productivity and innovativeness of enterprises

- (Administrative burdens: administrative costs specifically linked to information that businesses would not collect and provide in the absence of a legal obligation)
• When excessive in number and complexity, cumbersome, generate unnecessary regulatory burdens

• Impede innovation, create unnecessary barriers to trade, investment and economic efficiency, and even threaten the legitimacy of regulation and the rule of law

• In recognition of these challenges, governments increasingly focus on administrative simplification
• Reducing administrative costs
• Legislation is accessible and made available in as simple a form as possible - Reduce regulatory complexity and uncertainty
• Written communications between government and citizens are as simple and accessible as possible
• Cost of administrative requirements (information gathering, complying with regulations) is as low as possible
• Ensure regulatory regimes impose as few unnecessary burdens as possible on businesses and citizens
• Administrative simplification - Cross-cutting – the whole administration

• Several tools and practices

• Connection between burden reduction efforts and a comprehensive strategy to enhance regulatory quality
Legislative evaluation of administrative simplification
• Why does the quality of domestic rule-making matter?
• Laws and regulations are a critical tool for policy making that supports well-being and economic performance of society
• Laws and regulations may be perceived as burdensome and inadequate to fulfill its objectives
• Given the stakes, promoting the quality of laws and regulations is essential

• Evaluation / assessment is needed
• Legislative evaluation: central aid to decision making, providing objective information about likely benefits/ costs, as well as alternative options

• Key instrument for improving regulatory quality and good governance by ensuring more coherent and transparent policies, and making regulation more effective and efficient

• Improve the evidence base of decision-making.

• Better Regulation involves the use of certain tools: impact assessment, consultation and administrative simplification.
• Legislative assessment: origins are in cost benefit analysis. But: simple numerical indicators can easily mislead

• Now: impact assessment expanded to cover not only the economic impact, but also its administrative impact, environmental impact and social impact

• *Ex-Ante or Ex-post* legislative evaluations of Adm Simplif
  • Improving rule making ex ante: Preventive simplification
  • Reviewing existing burdens ex post: corrective ex post simplification process
• Different Methodologies:

• “Simplification forms” – describe the act, consider alternatives, v.g., explanatory note, statement of reasons

• Impact assessment of administrative burdens – KAFKA-model of ASA; Simplex Test – “Custa quanto?”

• Global impact assessment
Possible tests:

• Consider costs for those who have to comply with regulations (SCM?)
• ‘Ask once, use many times’ – “Only Once” Program
• Is there an e.government solution?
• Is there potential for a one stop shop?
• Ensure that if there are forms to be filled in – are they easy to follow?
• Ensure that the administrative costs for the government and those affected by the regulations are in line with the benefits to be gained from the regulations or administrative requirements?
Current trends and challenges
• Better Regulation has become part of the landscape of good governance.
• Despite the expectations, regulation remains a largely under-scrutinised policy tool

• Regulatory policy is even more important today: transformative and disruptive changes in societies and economies
• Increased interconnectedness of economies puts strain on regulatory capacities
• Mistrust in traditional institutions is growing
Problems:

• RIA has become over-procedural
• Not necessarily targeted to the most significant laws and regulations (there is no triage system or some proposals with significant impacts are exempted).
• Where assessments are undertaken, they often focus on narrowly defined economic impacts (burdens for business), ignoring other significant effects
• The “lifecycle” of regulations remains largely incomplete (ex ante more adepts)
OECD Regulatory Policy Outlook 2018

• Maps country efforts to improve regulatory quality against the principles set out in the 2012 and the extensive 2017 OECD Regulatory Indicators Survey (iREG)

• Identifies the “overwhelming pace of technological change and the unprecedented interconnectedness of economies” (...) “the capacity of governments to adapt to change are being questioned”
• Resource to new technologies / AI / big data

• International regulatory co-operation (IRC): step taken by countries, formal or informal, unilaterally, bilaterally or multilaterally, to promote some form of co-ordination / coherence in the design, monitoring, enforcement, or ex post management of regulation
“Half the money I spend on advertising is wasted; the trouble is I don't know which half.”

John Wanamaker (1838-1922)
• The same may be true of administrative costs.

• One man’s burden may be another’s benefit.

• A proper balance is needed.

• The challenge is to find ways in which due process can be respected in a cost effective and efficient way.
• Regulatory governance needs to be at the core of government action... but is it?
Thank you very much!

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